



Construction underway on the Tom Benson Hall of Fame Stadium.
(Photo courtesy of Shawn Wood, Studio 7 Photography)

The past year was another exciting year for us at NAI Spring. We are pleased to provide our third annual market report containing commercial real estate highlights from 2015 as well as our projections for 2016. The local economy remains relatively strong. Oil and gas continues to be a large contributor, even with the lapse in drilling precipitated in part by falling gas prices.

Certain sectors of the industrial and office market remain constricted by supply. Users of space will continue to face the challenge of limited inventory and the relatively high cost of new construction. Lease and sale rates should remain strong and may push up further.

Downtown Canton experienced some newsworthy lease renewals in 2015 along with some unexpectedly low sales prices. Additional market-rate apartment projects and a new mayor bring a fresh set of dynamics to the county seat.

The Hall of Fame Village concept is beginning to take shape with the demolition of Fawcett Stadium and construction of the new Tom Benson Hall of Fame Stadium. It will be interesting to see the changing landscape of the area around the Pro Football Hall of Fame in coming years as developers roll in to make the vision a reality.

The seemingly unending supply of new hotel rooms to the area has slowed. At the same time, new retail is moving in strong with the center at Everhard and Whipple named The Venue arriving with new stores in 2016. Restaurant activity was led this past year by a rash of new brew pubs and repositioning of numerous fast food chains.

At NAI Spring, we further enhanced our long-term commitment to the area with the merger of NAI Spring Property Management and Brookwood Management Company. The ownership combination of the Spring and Lemmon families, and their related entities, provides the community with unsurpassed experience and expertise throughout the commercial real estate areas of sales & leasing, property management, apartments, senior living, development, and construction. We are excited to make this community our place to live and work. We look forward to a bright future.



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NAI Spring & Brookwood Management have joined forces to create the regions premier group of real estate providers.

- 1 million +** Square Foot Commercial Space Managed
- 1,575** Apartments Managed
- 622** Senior Living Suites 
- 530** Employees
- 11** Licensed Real Estate Agents
- 2** SIOR's
- 1** CCIM



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2015 Activity

The market remains strong in the industrial sector throughout 2015 even with the recent downturn in oil, gas and steel. Currently, there is a limited supply of buildings, especially in the 10,000 to 20,000/SF range.

Notable sales transactions in 2015 included a local manufacturing company purchasing the 240,000/SF former Insite building at 5267 Southway for \$6.4 million (\$26.67/psf). The owner will occupy the building. The former North Canton Plastics building sold to another local manufacturing company. The 42,000/SF property sold for \$1,420,000 (\$33.81/psf). Kenda Tire purchased a 50,000/SF building for \$1,500,000.00 (\$30.00/psf).

With limited industrial and warehouse space available, three smaller spec buildings were under construction/completed in 2015. The buildings, from 13,800/SF to 18,000/SF, feature units ranging from 1,800 to 5,000/SF with asking prices of \$4.50 to \$5.95/psf.

Significant lease transactions include two leases on Sterilite in Massillon, OH. Utz Quality Foods leased 51,750/SF on a long term lease and Nickles Bakery also leased the adjacent 51,750/SF building. In Alliance, the former Terry's Tire Town, 180,000/SF warehouse and corporate headquarters was leased by Mac Trailer. NAI Spring agents were involved in all of these lease transactions.

2016 Forecast

Big changes in the 2016 industrial real estate market are not expected. There is still a limited supply of industrial space. Building costs are too expensive to justify building spec spaces in the 10,000 to 20,000/SF size. We do anticipate some space becoming available on the market due to the downturn in the steel, oil and gas industries. Prices should remain comparable to 2015 with perhaps a slight increase due to lack of space on the market.

4330 & 4360 Sterilite



5801 Mayfair Road - Kenda Tire



Terry's Tire Town

Notable Activity for 2015

As we saw the economy begin to ebb in late summer 2015, the sale and lease of office properties proved to be only marginally less robust than 2014. While the average cost per square foot for sales and leases held steady, transaction volume and size were down slightly from 2014. The majority of transactions were for Class B and C office space within the 1,000-5,000/SF range, a fact which will likely remain unchanged for 2016. Two notably large sales were for the former Trillium Family Solutions (45,000/SF) and 'The Independent' Newspaper (24,588/SF) properties, which garnered surprisingly low cost per SF prices around \$8 to \$4, respectively. Additionally, unlike 2014, which featured two sales in the mid 7-figures, 2015 didn't include any transactions approaching this magnitude.

2016 Market Outlook (For Lease)

Inventory for small (1,000-2,000/SF) or medium (3,000-5,000/SF) Class B and Class C office space remains readily available. As of January 2016, Loopnet (a commercial MLS), shows that 70% of available office space falls within these size and class ranges. All turnkey, Class A space, regardless of size, will remain limited and in demand throughout 2016. Perceived economic uncertainty coupled with projected interest rate hikes is likely to keep risk averse developers away from speculative construction projects this year. One notable exception is the recently announced First North Building, a new 26,000/SF office building. Scheduled to be completed by summer 2017, the \$3 to \$4.5 million building will be located at First Street and North Avenue in Massillon.

2016 Market Outlook (For Sale)

To begin 2016, Loopnet has 54 listings for office properties in Stark County. Approximately half of those listings are converted residential office condos and investment properties. Minimal inventory will be a challenge for businesses looking for owner-occupied commercial real estate (OOCRE). With few exceptions, it will be necessary for owners/occupiers to purchase and remodel for expansion. New construction is an option, but at considerable investment. The 46,000/SF Redicon building at 2824 Woodlawn sold in early 2016 and will host new tenants Liberty Health Share and Cost Chain Solutions.

150,000/SF former GE Capital listed for \$17.9 million



Redicon Building - 2824 Woodlawn



First North Building, Massillon, Ohio

Activity for 2015

Downtown Canton continues to experience brisk real estate activity. Several downtown office leases have been renewed. Legal firm, Day Ketterer, renewed their long term lease for the corporate offices at the Millennium Center at 200 Market Avenue North. Accounting firm, Hall Kistler, also renewed their lease at the Huntington building at 220 Market Avenue South. In addition, Phoenix Rising Behavioral Health vacated their Belden Village location and relocated to the former Trillium building at 624 Market Avenue North. The building was purchased in early 2015 by an investor group for \$350,000.

Recent sale transactions include 430 Market Avenue North. Westgate High School will completely renovate this building and operate it in the fall of 2016. The 12,400/SF building with 12 parking spots sold for \$140,000. NAI Spring was the listing broker for the transaction.

Another sale of note was the Cornerstone I Building located at 402 – 2nd Street SE was recently purchased by Stark County. The 36,000 square foot building sold for \$445,500 (\$12.38/psf) and will be renovated for office space. The most recent previous transfer of the property was in 2007 for \$3,299,000.

As these properties are developed and occupied, other space will become available. The result will likely be a steady to downward pressure on future lease rates unless Canton can attract new users.

The increase in downtown living space has resulted in more street traffic in the downtown area. In addition, the pending adoption of the city’s Comprehensive Plan has created a refreshed focus on strategic areas throughout Canton. One of these areas is Market Square, also known as “the green space,” between Third and Fourth Street North. The plan suggests that this space be developed into an attractive public area to be used for various events drawing more people to the city core.



Market Square

Cornerstone I Building



Stark County continues to offer a wide range of accommodations and amenities with over 2,900 hotel rooms. Opening in Q1 2016 is the new 150 room Embassy Suites at Shuffel and I-77 with full bar, restaurant and 500 person meeting facilities. Home2 Suites on “Hotel Hill” is now open for business with its longer stay format. Construction work continues on the Belden Village Holiday Inn to upgrade and expand rooms and services.

The Hall of Fame Village concept continues to evolve with a 250 room hotel by Crestline hotels providing a full service concept complete with restaurant and bar. Opening is expected in mid-2018.

With the huge investment in hotels and a dramatic increase in rooms available in Stark and the surrounding counties, we do not anticipate additional hotel deals in the near future.



Staybridge Suites on Everhard



New Embassy Suites at Shuffel and I-77



Fairfield Inn & Suites at Faircrest and I-77



Hyatt Place on Whipple Ave

Retail

Deville Developments has purchased and is repositioning a former retail plaza at the North East corner of Whipple and Everhard containing some 207,000 square feet. Renamed THE VENUE, deals have been inked with notable tenants Steinmart, Home Goods, Earth Fare and HH Greg (relocating from Dressler) with other tenants and restaurants in negotiation. Construction is underway with anticipated store openings late summer/fall of 2016.

Other notable retail activity is the move of Ashley Furniture to 33,000/SF in Thursday's Plaza on Dressler Road in Belden Village. Verizon Store has doubled in size and is relocating to the former Bennigan's restaurant location on Dressler with Westfield Bank backfilling and renovating the former Verizon Store. BargMax has relocated beside Toys R Us at Whipple and Holiday. Belden Village Mall, under new ownership, continues to reposition retailers and add exterior access and tenants including The Rail Pub and Brewery to their tenant roster.

On Whipple Avenue, Royal Family Auto Sales has opened in the 7,900/SF former AC Motors premises with AC Motors moving to Applegrove at Main Street in North Canton.

Restaurant Sector

New format brew pubs have hit the Stark County market. Notable players include BJ's Pub at the Strip, Royal Docks Brewery at Nobles Pond in Jackson, along with the established Canton Brewing Company in Downtown Canton, the Rail in Belden Village Mall and the Scenic Brewing Company on Whipple. The M Bar has opened on Dressler Road just south of Everhard Road after an extensive refit.

Fast food chains continue to spread in the market with new outlets for Taco Bell, Jimmy John's, and Dunkin Donuts. Established fast food chains, McDonalds and Wendy's, are repositioning outlets to retain market share in an expanding market.

A new strip mall in Alliance, dubbed the Mount Union Gateway, across from Mount Union University houses Buffalo Wild Wings, Papa Gyros, and Farmer's National Bank. Further west on State Street is a new freestanding, just-opened Starbucks.

Mount Union Gateway



Site Plan for The Venue
(Courtesy of Deville Developments)



While the night lights and sounds of drilling rigs have diminished in Eastern Ohio, activity continues. The drilling activity has been replaced by the frantic pace to install gathering lines and pipelines to move product from Eastern Ohio to other areas of the state and country.

Off-loading of barges on Lake Erie and laydown yards throughout Ohio (including the former Republic Steel facility in Massillon OH) have received over 700 miles of 42" diameter pipe as part of the Energy Transfer-Rover Pipeline, transferring gas to the Midwest, Northwest, East Coast, Great Lakes and Gulf Coast.

Last year we mentioned the possibility of four Cracker facilities in the Ohio area. At this time Shell Chemical continues to prepare a site in Monaco PA for the development of a \$2.5 Billion project. Shell remains non-committal on their plans to actually build.

Currently under construction in Carroll County is a \$900 million state of the art 700 megawatt combined cycle natural gas electric generating facility. Construction is well under way at this facility. The project will provide critical electric generation capacity in a region that has experienced significant facility retirements. It was also announced that Advanced Power may be building a second \$1 billion dollar facility in Columbiana County. This would represent over a \$2 billion dollar investment in natural gas to electricity in Eastern Ohio.

MPLX, a division of Marathon Petroleum, purchased MarkWest Energy Partners which continues to invest in the region. To date over \$1 billion dollars has been invested in the Hopewell and Cadiz area. A condensate stabilization facility, expansion of dry gas gathering facilities and 20,000/SF of administrative offices have been completed.

For additional information or speaker on Energy Services activity in Eastern Ohio, contact Bryce Custer, SIOR, Energy Services at NAI Spring.

Current & Proposed Pipelines Crossing Ohio:

- Columbia Pipeline Group Leach Express (bought by TransCanada 3/2016)
- Energy Transfer (ET) Rover
- Kinder Morgan Utopia East
- Spectra Energy Nexus Gas Transmission (NEXUS)
- Spectra Energy Ohio Pipeline Energy Network (OPEN)



Carroll County Natural Gas Fired Power Plant
(Photo courtesy of Mike Sieber/Pipeline Connections)

Real Estate in Carroll County has paralleled the oil and gas industry. While activity has slowed and stabilized overall, we are seeing companies “shifting” spaces and locations. TekSolv has moved from their location on SR39 to a larger facility on Waynesburg Road. South of Carrollton on Steubenville Road, we saw Blow-Out Tools (BTI), a subsidiary of Superior Energy Services close while other Superior Energy Services subsidiaries filled the vacant space. QC Energy Resources leased 18,000/SF of space on Waynesburg Road just north of Carroll County.

On State Route 9, north of Carrollton, there has been much activity with the construction of an assisted living facility and the construction of the much anticipated Natural Gas fired electrical plant.

State Route 43, north of town, remains active with the anticipation of sewer and water from Malvern to Arrow Rd. This will spur much activity on this section of road and area of Carroll County.

Another game changer for Carroll County is the much discussed SR30 connector. Carroll County remains the only Ohio county without a four lane highway. Ease of transportation in and out of Carroll on roads (proposed SR30 project), rail (Wheeling and Lake Erie Railway) and infrastructure of sewer and water will create an environment for ongoing development in the Carroll County area.

NAI Spring has been working with companies large and small throughout Eastern Ohio locating land, buildings and offices. We are currently working on assignments in over 13 Eastern Ohio counties. NAI Spring is a participant in the Eastern Ohio Development Alliance. EODA, through the cooperation of its 16 member counties, promoting the economic growth of the region. NAI Spring is also a participant in the Appalachian Partnership for Economic Growth (APEG). APEG mission statement: “The Appalachian Partnership for Economic Growth serves companies and site consultants by acting as the single point of entry into the region it serves. APEG works with counties and communities to ensure seamless attraction into its region. APEG also provides assistances to established companies looking to grow their businesses.”

NAI Spring is also pleased to announce that we have been chosen to represent a 300-acre property along the Ohio River in Jefferson County. This facility offers a tremendous amount of rail infrastructure (Wheeling and Lake Erie and Norfolk Southern Railways) as well as barge facilities on the Ohio river.



Mingo Junction
300 Acres

Based upon conversations with our clients, we anticipate 2016 to remain on par with 2015. By the end of 2016 into 2017, we may begin to see Utica and Marcellus drilling increase as leases begin to expire and the price of dry and wet gas increases, creating a profitable drilling environment.

Senior Living

New product continues to enter the market in the areas of assisted and independent living for the growing senior population. Danbury Senior Living has led the charge with three Stark County projects – Danbury Alliance (July 2015), Danbury Massillon (Spring 2016) and Danbury Sanctuary Grande (Early 2017) on Applegrove Road in North Canton at the site of the former Bob-o-Link Golf club house. Canton Christian Home completed an expansion in 2015 and St. Luke’s Lutheran Community will complete one in 2016.



Danbury - Massillon, Ohio

Multi-Family

Apartments continue to be a strong asset class and in demand by investors. At this time high construction costs coupled with strict zoning regulations continue to make it a challenge for developers to bring new product to the market. We would expect to see rental rates continue to rise as supply remains scarce and occupancies remain high.

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NAI Spring is a part of NAI Global's network, with over 375 offices and more than 6,700 local market experts, NAI is the single largest, most powerful network of owner operated commercial real estate brokerage firms. This allows NAI Spring to not only help clients with their commercial real estate needs in Ohio but also throughout the world. Over the past year NAI Spring has completed deals within the network in multiple states throughout the country. Call us for all your real estate needs.



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Connect with us online! NAI Spring stays active on social networking outlets including: Facebook, LinkedIn, and our own blog. Like us, follow us, for up-to-date information on the Commercial Real Estate marketplace both locally and nationally and to stay up to date with our company into the future.



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